

**PART 1600—EMPLOYEE ELECTIONS
TO CONTRIBUTE TO THE THRIFT
SAVINGS PLAN**

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AUTHORITY: 5 U.S.C. 8351, 8432(b)(1)(A), 8474(b)(5) and (c)(1).

SOURCE: 52 FR 45802, Dec. 2, 1987, unless otherwise noted.

Subpart A—General

§ 1600.1 Definitions.

Terms used in this part shall have the following meanings:

Act means the Federal Employees' Retirement System Act of 1986, as amended.

Basic pay means basic pay as defined in 5 U.S.C. 8331(3), and it is the rate of pay used in computing any amount the individual is required to contribute to the Civil Service Retirement and Disability Fund as a condition for participating in the Civil Service Retirement System or the Federal Employees' Retirement System, as the case may be.

Board means the Federal Retirement Thrift Investment Board established pursuant to 5 U.S.C. 8472.

CSRS means the civil service retirement system established by Subchapter III of Chapter 83 of Title 5, United States Code.

CSRS employee means *employee* as defined in 5 U.S.C. 8331(1) or *Member* as defined in 5 U.S.C. 8331(2).

Election period means the last calendar month of an open season and is the earliest period in which an election during that open season to make or change a contribution can become effective.

Employee or *FERS employee* means *employee* as defined in 5 U.S.C. 8401(11) or *Member* as defined in 5 U.S.C. 8401(20).

Employing agency means the agency which is responsible for making contributions to the Thrift Savings Plan on behalf of a FERS employee or a CSRS employee.

Executive Director means the Executive Director of the Federal Retirement Thrift Investment Board, as defined in 5 U.S.C. 8401(13) and as further described in 5 U.S.C. 8474.

FERS means the Federal employees' retirement system established by chapter 84 of title 5, United States Code.

Highly compensated employee means an employee with annual basic pay of more than \$50,000. This amount is subject to adjustment from time to time in accordance with applicable tax laws and regulations.

Open season means the period during which employees may make an election with respect to the Thrift Savings Plan.

Thrift Savings Plan means the activity established pursuant to subchapter III of Pub. L. No. 99–335 (June 6, 1986), the Federal Employees' Retirement System Act of 1986.

[52 FR 45802, Dec. 2, 1987, as amended at 61 FR 58754, Nov. 18, 1996]

Subpart B—Elections

§ 1600.2 Periods for making elections.

(a) *Initial open seasons.* The first open season will commence on February 15, 1987 and end on April 30, 1987. The period April 1, 1987 through April 30, 1987 is a designated election period pursuant to 5 U.S.C. 8432(b)(4)(A). The second open season will commence on May 15, 1987 and end on July 31, 1987. The period July 1, 1987 through July 31, 1987 is a designated election period pursuant to section 6001(c)(2) of Pub. L. 99–509 (Oct. 21, 1986), the Omnibus Budget Reconciliation Act of 1986.

(b) *Subsequent open season.* An open season will begin on November 15 of each year and end on January 31 of the following year and another open season will begin on May 15 of each year and end on July 31 of the same year. If the last day of an open season falls on a Saturday, Sunday, or legal holiday, the open season shall be extended through the next business day.

(c) *Number of elections.* Except for an election to terminate, an employee may make only one election during an open season.

(d) *Belated elections.* When an employing agency determines that an employee was unable, for reasons beyond the employee's control, to make an election within the time limits prescribed by these regulations, that agency may accept the employee's election within 30 calendar days after it advises the employee of that determination. Such election shall become effective not later than the first pay period beginning after the date that the agency accepts the employee's election form.

[52 FR 45802, Dec. 2, 1987, as amended at 59 FR 55331, Nov. 7, 1994]

§ 1600.3 Eligibility of a Federal Employees' Retirement System employee to make an election.

(a) Each employee who was an employee on January 1, 1987 and continues as an employee without a break in service from January 1, 1987 through April 1, 1987 may make an election during the open season which begins on February 15, 1987 and ends on April 30, 1987.

(b) Except as provided in paragraph (c) of this section, each employee who is not eligible by virtue of paragraph (a) of this section to make an election during the open season beginning on February 15, 1987 shall not be eligible to make an election until the second open season (determined in accordance with paragraph (d) of this section) beginning after such employee's date of commencement of service as an employee.

(c) Any employee who is reemployed by the federal government and who, during a previous period of service, had become eligible to participate in the Thrift Saving Plan under the foregoing paragraphs (a) or (b) of this section shall be eligible during the first open season (determined in accordance with paragraph (d) of this section) beginning after the date of reemployment to make an election.

(d) For an employee employed or reemployed during any open season, but whose employment or reemployment during such open season is prior to the election period occurring during the last calendar month of such open season, the open season during which the employee was employed or reemployed shall be considered the first open season.

[52 FR 45802, Dec. 2, 1987, as amended at 53 FR 23379, June 22, 1988]

§ 1600.4 Types of elections.

(a) *Contribution.* During an open season, an eligible employee may elect any one of the following:

- (1) To make contributions;
- (2) To change the amount of existing contributions; or
- (3) To terminate contributions.

(b) *Investment choices.* Contributions made for pay periods beginning in 1987 will be invested only in the Government Securities Investment Fund established by 5 U.S.C. 8438(b)(1)(A). Subsequent contributions may be invested in accordance with regulations which will provide contributing employees the option of investing limited amounts in the Fixed Income Investment Fund and the Common Stock Index Investment Fund established by 5 U.S.C. 8438 (b)(1)(B), (b)(1)(C), and (b)(2).

§ 1600.5 Termination of contributions.

Notwithstanding §§1600.4 and 1600.6, an employee may elect to terminate contributions to the Thrift Savings Plan at any time. If an employee makes an election to terminate during an open season, the employee, if otherwise eligible, may make an election to resume contributions during the next open season. If the election to terminate contributions is not made during an open season, the employee may not make an election to resume contributions until the second open season beginning after such election to terminate.

§ 1600.6 Method of election.

Each employee shall make an election, as described in §1600.4 or §1600.5, by completing and submitting to the employing agency an original or facsimile of Form No. TSP 1, entitled "Election Form," at any time during the open season. This form must be accepted by the employing agency, as evidenced by the signature of the responsible agency official on the election form, before an election can become effective.

§ 1600.7 Effective dates of elections.

For each employee whose election form is accepted by the employing agency during the portion of an open season which precedes a prescribed election period, the election, except for an election to terminate contributions, shall become effective as of the first day of the first pay period beginning on or after the first day of the election period. Elections accepted by the employing agency during the last calendar month of the open season (i.e., the elec-

tion period) shall become effective no later than the first day of the first pay period beginning after the date on which the employing agency accepts the election form. An election to terminate contributions to the Thrift Savings Plan, whenever made shall become effective as of the last day of the pay period in which the employing agency accepts the election form.

Subpart C—Program of Contributions

§ 1600.8 General.

Once an employee's election to make contributions to the Thrift Savings Plan becomes effective, the employing agency shall, for the pay period the election becomes effective and for each subsequent pay period until a new election becomes effective, deduct from the employee's basic pay the percentage of basic pay or the whole dollar amount elected by the employee not to exceed the applicable maximum contribution set forth in §1600.10. If the employee's elected whole dollar amount exceeds the amount of pay available for such deduction, no deduction will be made for that pay period.

§ 1600.9 Contributions in whole numbers.

Except in the case of a 7.5 percent contribution made by a CSRS employee as described in §1600.10(b) of this part, contributions may be made only in whole percentage amounts or whole dollar amounts.

§ 1600.10 Maximum contributions.

(a) *FERS employees.* Except as provided in paragraph (c) of this section, for the period starting with the first pay period beginning on or after April 1, 1987 and ending with the last pay period beginning on or before September 30, 1987, the maximum FERS employee contribution is 15 percent of basic pay. Starting with the first pay period beginning on or after October 1, 1987, the maximum FERS employee contribution is 10 percent of basic pay.

(b) *CSRS employees.* For the period starting with the first pay period beginning on or after April 1, 1987 and ending with the last pay period beginning on or before September 30, 1987,

the maximum CSRS employee contribution is 7.5 percent of basic pay. Starting with the first pay period beginning on or after October 1, 1987, the maximum CSRS employee contribution is 5 percent of basic pay.

(c) *CSRS employees who transfer to FERS.* The maximum employee contribution for CSRS employees who have transferred to FERS and have elected to participate in the Thrift Savings Plan, as described in § 1600.12, is 10 percent of basic pay.

(d) Section 402(g) of the Internal Revenue Code places a ceiling on the amount which an employee may save on a tax-deferred basis through plans such as the Thrift Savings Plan. Employee contributions to the Thrift Savings Plan may be restricted or refunded to conform with this limit.

[52 FR 45802, Dec. 2, 1987, as amended at 53 FR 23379, June 22, 1988]

§ 1600.11 Required reductions of contribution rates.

The employing agency shall reduce the contribution of any FERS employee or CSRS employee whose elected contribution exceeds the applicable maximum percentage set forth in § 1600.10 (a) or (b). For any FERS employee or CSRS employee covered by this section who has elected to contribute a percentage of basic pay, the employing agency shall automatically reduce the contribution rate to the applicable maximum percentage. For any FERS employee or CSRS employee covered by this section who has elected to contribute a whole dollar amount, the employing agency shall reduce the whole dollar amount to the highest whole dollar amount which does not exceed the applicable maximum percentage.

Subpart D—Civil Service Retirement System Employees

§ 1600.12 Election period for Civil Service Retirement System employees who transfer to the Federal Employees' Retirement System.

(a) *General.* Section 8432(b)(3) of the Act authorizes the Executive Director to provide a reasonable period following the election by an eligible CSRS employee to transfer to FERS for that

employee to make an election to contribute to the Thrift Savings Plan.

(b) *Individual election period.* Notwithstanding § 1600.2(c), each CSRS employee who transfers to FERS may make an election to contribute to the Thrift Savings Plan at the same time the individual elects to become subject to FERS and for 30 calendar days after the effective date of such election. The election options set forth in § 1600.4 shall be available to each such individual, and elections shall be made by the method described in § 1600.6. An election to contribute to the Thrift Savings Plan shall become effective no later than the first day of the first pay period following the acceptance of the election form by the employing agency. Such individual shall be subject to all provisions of this part except as limited by § 1600.10(c).

(c) Beginning upon the effective date of the employee's election to transfer to FERS, until the employee makes an election to contribute to the Thrift Savings Plan under paragraph (b) of this section, the rate of contribution as a CSRS employee will be considered to be the rate of contribution as a FERS employee. The preceding sentence shall not apply where the CSRS employee's contribution rate was 7.5%. In such case, until the employee elects otherwise, the employee's FERS contribution rate shall be 7%.

§ 1600.13 Contributions by Civil Service Retirement System employees.

(a) *General.* 5 U.S.C. 8351 permits CSRS employees to elect to contribute to the Thrift Savings Plan for investment in the Government Securities Investment Fund only. The initial open season for CSRS employees who were employees as of March 31, 1987 shall be February 15, 1987 through April 30, 1987. The next open season for such employees with no intervening break in employment shall be May 15, 1987 through July 31, 1987. An election made during an open season by a CSRS employee shall become effective as described in § 1600.7.

(b) *Election upon reemployment.* A CSRS employee reemployed on or after April 1, 1987, who was not previously eligible to contribute to the Thrift Savings Plan, may make an election to

contribute as described in § 1600.4(a)(1) during the second open season (determined in accordance with paragraph (d) of this section) beginning after the date of the employee's reemployment.

(c) A CSRS employee reemployed on or after April 1, 1987 who was previously eligible to contribute to the Thrift Savings Plan may make an election to contribute as described in § 1600.4(a)(1) during the first open season (determined in accordance with paragraph (d) of this section) beginning after the date of the employee's reemployment.

(d) For a CSRS employee employed or reemployed during any open season, but whose employment or reemployment during such open season is prior to the election period occurring during the last calendar month of such open season, the open season during which the employee is employed or reemployed shall be considered the first open season.

(e) Applicability of other sections. All sections in subparts A through C shall apply to CSRS employees except for §§ 1600.3, 1600.4(b), and 1600.10 (a) and (c), or where otherwise specifically stated.

[52 FR 45802, Dec. 2, 1987, as amended at 53 FR 23379, June 22, 1988]

Subpart E—Elections by Certain Senior Officials Who Were Brought Under Social Security Coverage on January 1, 1984, Pursuant to the Social Security Act Amendments of 1983

§ 1600.14 Officials covered by Social Security who elected full CSRS coverage.

Officials who elected full coverage by both the CSRS and Social Security systems have the option pursuant to 5 CFR 846.201, to transfer to FERS. Alternatively, such officials may elect CSRS offset coverage or may elect to continue full CSRS coverage. If such officials transfer to FERS, they may make an election to participate in the Thrift Savings Plan under the rules and conditions described in § 1600.12. If

such officials elect either full or offset CSRS coverage, they may not make any special election to participate in the Thrift Savings Plan as a result of such election and they will continue to be treated as CSRS employees under this part.

§ 1600.15 Officials covered by Social Security who elected to have no other retirement coverage.

Officials who have only Social Security coverage have the option pursuant to 5 CFR 846.201 to transfer to FERS. Alternatively, such officials may elect CSRS offset coverage or may elect to continue to have no retirement coverage other than Social Security. If such officials transfer to FERS, they may make an election to participate in the Thrift Savings Plan under the rules and conditions described in § 1600.12. If such officials elect coverage under the CSRS offset system, they may make an election to participate in the Thrift Savings Plan as a CSRS employee at the same time as the election to become subject to the CSRS offset system, or within 30 calendar days after the effective date of such election. If such officials continue coverage under Social Security only, they may not participate in the Thrift Savings Plan.

§ 1600.16 Officials who elected interim CSRS and Social Security coverage.

Officials who elected interim CSRS and Social Security coverage have the option pursuant to 5 CFR 846.201 to transfer to FERS. Alternatively, such officials may elect CSRS offset coverage. If such officials transfer to FERS, they may make an election to participate in the Thrift Savings Plan under the rules and conditions described in § 1600.12. If such officials elect coverage under the CSRS offset provisions, they may not make any special election to participate in the Thrift Savings Plan as a result of such election and they will continue to be treated as CSRS employees under this part.

Subpart F—Miscellaneous

§ 1600.17 CSRS employees who are appointed without a break in service to a position mandatorily covered by Social Security and who are consequently covered by either FERS or the CSRS offset system.

(a) CSRS employees who are appointed to a position mandatorily covered by Social Security, who are consequently required by law to become subject to FERS as a result of such appointment, and who do not have a break in employment of more than three calendar days between their old and new positions, will be eligible to make a new election to participate as a FERS employee in the Thrift Savings Plan under this part, under the rules and conditions described in § 1600.12.

(b) CSRS employees who are appointed to a position mandatorily covered by Social Security, who are required by law to become subject to the CSRS offset system as a result of such appointment, and who do not have a break in employment of more than three calendar days between the old and new positions will be eligible to participate as an employee under CSRS offset in this new position. They may not make any special election to participate in the Thrift Savings Plan as a result of such appointment. These officials shall continue to be treated as CSRS employees under this part.

§ 1600.18 Reemployed participants who had previously terminated TSP contributions.

An employee reemployed by an agency after terminating contributions to the Thrift Savings Plan pursuant to § 1600.5 shall be eligible to contribute to the Thrift Savings Plan under the provisions of § 1600.3(c) (in the case of FERS employees) and § 1600.13(c) (in the case of CSRS employees).

PART 1601—PARTICIPANTS' CHOICES OF INVESTMENT FUNDS

Subpart A—Definitions

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1601.1 Definitions.

Subpart B—Investing New Contributions

1601.2 Investing new contributions in the TSP investment funds.

1601.3 Erroneous investment of contributions.

Subpart C—Interfund Transfers

1601.4 Eligibility to redistribute money among the three investment funds.

1601.5 Methods of requesting an interfund transfer.

1601.6 Timing and effective dates of interfund transfers.

1601.7 Error correction.

AUTHORITY: 5 U.S.C. 8351, 8438, 8474 (b)(5) and (c)(1).

SOURCE: 56 FR 594, Jan. 7, 1991, unless otherwise noted.

Subpart A—Definitions

§ 1601.1 Definitions.

Account balance means the amount of money in a participant's Thrift Savings Plan account as of the effective date of an interfund transfer;

Acknowledgment of risk means an acknowledgment that any investment in the C Fund or the F Fund is made at the participant's risk, that the participant is not protected by the United States Government or the Board against any loss on the investment, and that neither the United States Government nor the Board guarantees any return on the investment.

Agency Automatic (1%) Contributions means any contributions made under 5 U.S.C. 8432(c)(1) or 5 U.S.C. 8432(c)(3);

Agency Matching Contributions means any contributions made under 5 U.S.C. 8432(c)(2);

Allocation election means an election by a participant of the percentages of new contributions to his or her account that are to be invested in the C Fund, F Fund and/or G Fund;

Board means the Federal Retirement Thrift Investment Board.

C Fund means the Common Stock Index Investment Fund established under 5 U.S.C. 8438(b)(1)(C);

Calendar year means the period from and including January 1 through and including December 31 of any year;

CSRS means the Civil Service Retirement System established by subchapter III of chapter 83 of title 5,